

OIG FY 2002 Top Management Challenges

In accordance with the Reports Consolidation Act of 2000, the Department's Office of Inspector General has identified the following mission critical management issues for ACF. For FY 2002 they include two issues that affect all Department OPDIVs--the Protection of Critical Systems and Infrastructure and Grant Management. ACF was asked to comment on the OIG's assessments. Although it is not an FY 2002 OIG critical management issue, we are also including an update for a prior year issue specific to ACF's Office of Child Support Enforcement (OCSE). [Numbering reflects Management Issue # identified in HHS Performance and Accountability Report.]

Management Issue #2: Grant Management

Management Challenge

Departmental discretionary grants, estimated to total over \$35 billion in FY 2002, must be used appropriately so as to achieve their intended purposes. Most of the departmental agencies rely on the grant mechanism as a pivotal tool in meeting their mission objectives, such as providing critical health services to underserved individuals, researching the causes and treatments of disease, elevating the social and economic status of vulnerable populations, and supporting the nationwide infrastructure for the health surveillance and prevention network. As such, it is incumbent upon HHS to award grant funds to the most worthy and competent organizations and to adequately monitor program results and use of federal funds. However, the programs are numerous and diverse. Vigilance is required to assure that specific awards are free of abuse and the monitoring systems to manage them are capable of identifying improper behavior.

To address this challenge, OIG has initiated a two-part grant management review plan. The OIG is studying several HHS agencies' grant-making and oversight processes to identify vulnerabilities and to assess criteria and procedures for determining grantee risk and developing and monitoring corrective action plans for high-risk grantees. At the same time, reviews are assessing individual grantees' program activities and stewardship of funds. This two-part strategy is designed so that findings and recommendations derived at the agency level can be used in examinations at the grantee level and vice versa.

Assessment of Progress in Addressing the Challenge

Through the government-wide Federal Grant Streamlining Program, the HHS grant management environment is undergoing changes. The program implements the Federal Financial Assistance Management Improvement Act of 1999, which requires agencies to improve the effectiveness and performance of their grant programs, simplify the grant application and reporting process, improve the delivery of services to the public, and increase communication among entities responsible for delivering services. As the lead agency in this multi-year initiative, HHS has worked to streamline projects since the law's enactment. Because the initiative requires grant officials to examine the way they do business, they are in a good position to focus not only on

streamlining the grant process but also on ensuring that results are achieved and federal funds are used appropriately.

Management's Comments in Brief:

ACF is in the process of developing an agency-wide forms interface for ACF grantees. The On-Line Data Collection (OLDC) system creates a secure Internet application that can be used by ACF's grantees to submit data in compliance with grantee financial and programmatic reporting requirements. The OLDC process will significantly reduce the data entry burden on ACF grants staff and grantees. It will expedite the receipt and processing of grants and makes timely up-to-date grant information available for ACF decision-making.

ACF is also developing a Funds Planning module which will be integrated with our Grants Administration Tracking & Evaluation System (GATES). Funds planning is an activity that deals with the preparation of budgets for ACF programs, grantees, and offices. Currently, ACF uses multiple stand-alone systems or spreadsheets to support this effort. ACF is developing a system that will allow users to automate their funds planning activities so that information on detailed budget plans, approved operating plans, and obligated and committed amounts can be collected and integrated for analysis and planning purposes.

Both the funds planning (target date 10/2003) and the OLDC (target date 10/2003) system will be integrated with GATES.

Management Issue #4: Protection of Critical Systems and Infrastructure

Management Challenge

To accomplish its major missions of providing health care to the elderly, the disabled, and the poor; facilitating research; preventing and controlling disease; and serving families and children, the Department must rely on a distributed and open computing environment for information processing, knowledge sharing, and collaboration. Management, therefore, must ensure the creation of an integrated process to establish security policies for information technology and monitor compliance; this process is essential for an effective IT security program.

Through Presidential Decision Directive 63 and the Government Information Security Reform Act (GISRA), the Federal Government has been mandated to assess the controls in place to protect assets critical to the nation's well-being and report on their vulnerability. The events of September 11, 2001 greatly heightened the importance of protecting physical and cyber-based systems essential to the minimum operations of the economy and the government. Due to its major responsibilities for public health and safety, the department has been identified as a Tier I agency, signifying a dramatic negative national impact should HHS systems be compromised.

Assessment of Progress in Addressing the Challenge

HHS has made much progress in securing the most critical of essential assets. Core requirements for security controls were established and distributed, and systems architecture documents are

being developed. However, recent OIG assessments (CFO and GISRA) found numerous information systems general control weaknesses in entity-wide security, access controls, service continuity, and segregation of duties. A collective assessment of deficiencies in Medicare systems resulted in the reporting of a material weakness in the FY 2001 HHS financial statement audit. While OIG has not found any evidence that these weaknesses have been exploited, they leave the Department vulnerable to: (1) unauthorized access to and disclosure of sensitive information, (2) malicious changes that could interrupt data processing or destroy data files, (3) improper payments, or (4) disruption of critical operations.

Management's Comments in Brief:

ACF has only one system, GATES that was identified as a critical asset for purposes of Presidential Decision Directive (PDD) 63, but has many systems that are vital to the mission of the agency. ACF has an established Information Technology Security Unit (ITSU) to address IT security concerns, including those in PDD-63, and has developed Mission, Vision, and Core Values Statements to guide the office. ITSU staff:

- Implemented a Surf-Control Program that blocks employee access to unapproved Internet web sites;
- Implemented an Intrusion Detection Program that monitors ACF's network for unauthorized access attempts, denial of service attacks, and other potential security incidents;
- Worked with HHS departmental and ACF staffs to tighten network firewall controls;
- Has implemented business hour monitoring of all ACF firewalls, intrusion detection, and surf-control programs; and,
- Reports all incidents of unusual network activity to the proper authorities. (e.g. HHS, ACF, OIG, FEDCIRC).

In addition, the ITSU staff have developed drafts for a number of IT security documents that are currently undergoing ACF review, e.g., policies and procedures for IT security incident response and handling and for requesting and assigning access rights to ACF systems.

ITSU also worked with ACF staff agency-wide to identify which ACF systems required the development of System Security Plans (SSPs). ITSU issued SSP templates and lead the effort that developed some 40-50 draft SSPs that are being reviewed prior to finalization.

Finally, ITSU has undertaken a move to finalize all IT systems certification and accreditation status as compliant with current regulations and guidance.

Child Support Enforcement

Update/Closeout for FY 2001 Management Challenge

The goal of the Office of Child Support Enforcement (OCSE) is to support families in their efforts to attain and retain self-sufficiency. OCSE and the OIG established multi-agency, multi-

jurisdictional task forces to identify, investigate and prosecute the most serious non-support cases. To help improve the efficiency and effectiveness of program operations, the OIG completed a number of studies on OCSE issues where program vulnerabilities existed.

Assessment of Progress in Addressing the Challenge

In response to OIG recommendations about ways to improve the effectiveness of the child support program, OCSE has offered technical assistance to States focused on implementing the recommendations. Additional efforts have been made to ensure the Department complies with Executive Order 12953 and acts as a model employer in the area of child support. OCSE is also using OIG recommendations to design demonstration programs on the issue of order establishment and compliance.

Management's Comments in Brief:

In FY 2002, OCSE is supporting the efforts of the Inspector General described in the Assessment of Progress section. OCSE continues to operate OCSE PSOC (Project Save Our Children) screening units throughout the country. PSOC is now fully operational nation wide. The volume of cases processed by the screening units is expected to increase significantly this year. Outreach efforts to States and the local law enforcement community will continue to reinforce existing relationships and forge new ones in the newly expanded areas. Our ongoing training partnership with staff from the Department of Justice (DOJ), the U.S. Attorney's Office, State agencies and the OIG, while shifting this year from a centralized approach at the DOJ National Advocacy Center to a more local level collaboration, will continue to be supported by all parties.